DOCUMENT RESUME

ED 318 866 CE 054 645

TITLE	Seizing the Future: A Commitment to Competitiveness.
INSTITUTION	Mississippi Special Task Force for Economic Development Planning.
PUB DATE	Dec 89
NOTE	31p.; For a related document, see CE 054 647.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Adult Literacy; Competition; *Economic Development; *Educational Improvement; Educational Planning; Educational Practices; Education Work Relationship; Elementary Secondary Education; Entrepreneurship; Free Enterprise System; *Futures (of Society); Job Training; Labor Education; *Labor Force Development; Lifelong Learning; Literacy Education; Small Businesses; *State Programs; *Statewide Planning
IDENTIFIERS	*Mississippi

ABSTRACT

The Special Task Force for Economic Development Planning developed a long-term strategy to revitalize Mississippi's economy and help it become globally competitive. Input was gathered through regional conferences attended by more than 500 business and community leaders, a survey of approximately 8,000 Mississippi employers, and focus group meetings with citizens in three locations in the state. The goal of the plan is to create a society that supports a rising standard of living for all Mississippi citizens. The report and its recommendations center around commitments that will create competitive people, competitive businesses, and competitive communities. The task force found that there is a profound mismatch in Mississippi today between the increasing skill requirements of jobs and the decreasing skill levels of future workers. As a result, Mississippi needs to make a commitment to its people and to lifelong learning, and its citizens need to make a commitment to pursue education and skill development throughout life. Because the task force found that the most successful job creators in the state during the 1980s were small businesses, it recommended that the state help existing Mississippi-based businesses to become world-class competitors and encourage other citizens to create their own businesses. The state should also support community-based economic development. The task force recommendations address the steps needed to be taken now to create a rising standard of living for all citizens; they require a fundamental rethinking of the role each part of society has to play in economic development. (KC)

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SEIZING THE FUTURE:

A COMMITMENT TO COMPETITIVENESS

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Mississippi Special Task Force
For Economic Development Planning

December 1989

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THE TASK FORCE

The Special Task Force for Economic Development Planning was created by the Legislature and appointed by the Governor to develop a long-term strategy to revitalize Mississippi's economy and help it become globally competitive.

Chaired by former State Treasurer Bill Cole, the task force began its work in late 1988. Four committees were created: finance; economic process; human resources; and government, legal, regulatory and infrastructure. To aid its work, the task force held seven regional congresses with participation from over 500 business and community leaders across the state. A survey of approximately 8000 employers was conducted, and focus group meetings with citizens were held in three locations in the state. The background work of the committees and the results of the public participation activities are provided and available in separate reports to the task force.

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CHAIRMAN'S LETTER

"If we are to move forward with urgency, we must realize that changes in our economic climates begin when the public and private leadership agree that they need to take steps together to build the capacity of the state's economy."

I am pleased to submit the report of the Special Task Force on Economic Development Planning which has recently conducted a wide range and comprehensive analysis of the problems and potential of our state. Our report recognizes the strengths of our state, our opportunities as well as the challenges we face.

It is clear that in this dramatically changing world Mississippi must be prepared to compete if we are to fully participate in a global economic environment.

This will require a broader view of economic development as well as a comprehensive strategic approach to capacity building.

We must recognize that economic development is not just an event, but is a process with an interdependence of issues, from health care to highways and education to hazardous waste, affecting our economic future.

While our task force has not developed a detailed road map for the future, we have attempted to set a course, to create a focus on an economic development strategy for the future. This focus is a study which recognizes the competitive environment of a global economy and the need for a Mississippi with competitive people, competitive businesses and competitive communities which can respond to the challenges of the future and achieve economic growth.

Our future success cannot depend upon Mississippi's ability to compete on the basis of money, whether it be low cost competition now centered in the Third World or in expensive new programs requiring additional taxes. The challenge is to determine our willingness, to plan better to use our resources more effectively, make investments where they count and be more innovative, if we are to build a more competitive Mississippi.

If we are to move forward with urgency, we must realize that changes in our economic climates begin when the public and private leadership agree that they need to take steps together to build the capacity of the state's economy.

We have concluded that Mississippi, our people, our resources, our opportunities, provide us the capability to be a more competitive state in the expanding global economy. The question which remains is whether or not we have the willingness to do what is necessary to ensure that competition.

Respectfully submitted,

Bill Cole

Bill Cole
Chairman

MAKING A COMMITMENT TO THE FUTURE

> "We must prepare people to make jobs, not just take jobs."
>
> **Dr. Alferdteen Harris**
> **Jackson State University, 1989**

The job of the Special Task Force For Economic Development Planning was to develop a long-term strategy to revitalize Mississippi's economy and help it become globally competitive.

Boiled down to its essentials, what this means is that:

Our goal is to create a society that supports a rising standard of living for all Mississippi citizens — no matter who they are, no matter where they live.

No matter who they are — black or white, urban or rural.

No matter where they live — hills, coast, or Delta.

Our objectives are simple: to create competitive people, competitive businesses, and competitive communities.

Achieving these objectives, however, will not be easy; we have generations of underinvestment to surmount. But the alternative — persistent poverty, deteriorating communities, and a decline in our industrial base — is not acceptable. We have the strength for this task, if we can muster the will. Mississippi's people have been tested by adversity like no other in this nation. Mississippi's people have a special pride which has always allowed us to pull together when we had to. Now is one of those times, as we face the challenge of building a competitive society in a new global economy.

The Mississippi Commitment

If we are going to succeed, once and for all, at gaining control over our own economic destiny, we are going to have to do it ourselves. *There is no single industry or company that we can recruit capable of delivering us into prosperity. There is no single government program that will bail us out. Indeed, it is not solely government's job to achieve this goal. It isn't even business's sole job.*

It's everybody's job. Achieving our goal of a rising standard of living for all Mississippians will require a commitment by every individual, business, and community in Mississippi to mobilize what resources each has available to become globally competitive.

Individuals are going to have to embrace the reality that education and training is something you do throughout your life, and that only by putting something into society can we expect to get something back.

Communities are going to have to look within themselves for the sources of economic growth and stop waiting for it to be delivered to them. People within our communities must work hand in hand on the urgent needs that face us; and work with fellow communities on projects that require joint action.

Businesses are going to have to commit themselves to continuous investments in delivering quality goods and services, and in training their people.

Banks are going to have to change their lending practices to reflect the changed financing needs of today's businesses.

State and local government is going to have to be more responsive, more flexible, and more inventive about how it uses the limited resources at its discretion to spur economic development.

And Mississippi as a whole is going to have to make it possible for minorities and the most disadvantaged among us to become full participants in Mississippi's economy.

For those who make these commit-

ments, Mississippi makes this pledge:

If you invest in yourselves, we will invest in you.

This is the *Mississippi Commitment*. It is a commitment we must make to each other if we are finally going to seize the future and make it our own. This commitment to mutual responsibility, action, and investment is the very heart of Mississippi's economic development strategy.

The strategic recommendations presented in this report address the steps Mississippians need to take now to create a rising standard of living for all citizens. They are not small steps. They require a fundamental re-thinking of how economic development has to happen, and the roles each part of society has to play. If we are to reach our goal in a changed world economy, we need to do a lot of things differently. We can't rely on low-wage jobs. We can't look solely for outside saviors in the form of "plants" or government help. We can't tolerate any more racial prejudice and partitioning.

A new economic success can be built on beliefs that have always been part of Mississippi — Mississippi's people are proud, hard-working and our greatest asset — Mississippi communities are special places to live and work — Mississippi built goods can and will be the best. These values have always been at our core and must fuel a new era of growth for all Mississippi citizens, communities, and companies.

The restructuring of Mississippi's economy should be guided by several basic principles:

- A commitment to achieve global standards of excellence — whether in terms of personal achievement, product quality, or public services;

- A commitment to continuously improve — in the skills each of us possesses, in the products and services we produce, and in the programs we provide to help our citizens;

- A commitment to invest in Mississippi — in the skills and abilities of the people who are our greatest economic asset, in the businesses that already exist or may be born in Mississippi, and in the community services upon which they depend;

- A commitment to meet customers' needs — both the customers of our businesses and the customers of our public services; and finally,

- A commitment to work together — to build new partnerships between: individuals who have been divided by race, class, or location, businesses that have seen themselves as competitors, communities that have seen themselves as rivals, and government programs that have worked at cross-purposes.

Legacies Of Dependency

As Mississippi looks ahead to the challenges of the next century, it does so fighting out from under a legacy of dependency. For generations, Mississippi has been a paternalistic society — timber companies, railroads, plantation owners, plant owners (often from far away), the government — handed out the "goodies" in the form of jobs, land, money. There was never enough of any of it to go around. *Over the years, without the development of a strong middle class and a diverse economy, each Mississippi "boom" dried up quickly and left behind worn out resources, impoverished communities, and successive generations of Mississippians poorer than other Americans and poorly prepared to face the future.*

This legacy — and the fear of change that accompanies it — is insidious and persistent. It dominates our thinking about economic development even today: ask almost any local official in Mississippi what you can do to help his community's economy and the answer is typically: "Bring us a plant." It's seldom: "Show us how to help our existing businesses to grow." It's seldom: "Help us figure out how to change our town so that it is attractive to business."

Despite steady growth until the mid-1970's, we are still struggling with the stubborn evidence of this legacy. We all know the statistics. We don't want to hear them any more, we want to change them. And we are beginning to make progress, but we need to move faster. To be able to change more completely we must understand clearly where our economy has been and where we find ourselves today.

THE AGRICULTURAL EMPIRE — A MIXED BLESSING

"In other more urbanized sections of the country, change has traditionally been viewed as the very life blood of progress, but not in Mississippi during the first half of the twentieth century."

F. John Wade
Mississippi Research and Development Center, 1978

Mississippi has always been "land rich and cash poor." Even during the period just before the Civil War, when Mississippi was the fifth richest state in the nation, its wealth was based on property — land and slaves. From the exploitation of both we produced a wide range of raw agricultural materials, but the real wealth was created elsewhere when those raw materials were processed into higher value goods. Mississippi was so busy making money from its raw materials, that it didn't do anything else — while "barren" states like Massachusetts and New Hampshire, took our raw materials, combined them with brains and machinery to produce goods they sold back to us.

After the war, Mississippi turned once again to the land. But instead of developing a diversified agricultural economy, Mississippi's landlords (and their tenants and sharecroppers) perpetuated a single crop economy — enormously profitable when prices were high but terribly vulnerable to the smallest shifts in either supply or demand. What wealth there was continued to be exported from the state. While some Mississippians made a ton of money, most people led a hand-to-mouth existence well into the current century.

To counter weak farm income, landowners and local officials turned to the state's other great resource, its forests. Even before the turn of the century, there were more than 300 lumber mills in Mississippi, many built to handle the trees cut to make way for more cotton. After the turn of the century, timber cutting became a major economic activity. Between 1910 and 1930 alone, timber companies had cut some 30 billion board feet of lumber and shipped it out of the state.

But the timber industry never offset

the sagging farm economy and by the late 1920's, with the rapid mechanization of agriculture, the arrival of the boll weevil, and the growing Depression, Mississippi added a new export: people. Tens of thousands of black and white Mississippians abandoned the farms in the Delta and the hills and headed North.

"Recruiting" A New Economy

The Great Migration, which continued through the 1950's (we lost nearly half of our young black adults between 1940 and 1950 alone), represented an immediate threat to what was left of Mississippi's economy and to the state's small middle class — its lawyers, merchants, and bankers. *In 1936, looking for an alternative to agriculture, Mississippi invented industrial recruiting — the Balance Agriculture With Industry (BAWI) program — and it remains today what most people think of when they think about economic development.*

BAWI was a stroke of marketing genius. It managed to convert some of what today seem like liabilities — our poorly educated work force, our low tax-base, our undeveloped communities and public facilities, lack of government oversight — into tangible assets, by offering those attributes to northern corporations as a more amenable "business climate" for their manufacturing plants. And when incentives like tax forgiveness, subsidized buildings, tax-free bonds, and low wage "trainees" were added, the northern factories — especially the ones that were beginning to feel the pinch of competition — headed to Mississippi in droves. Soon other southern states began copying Mississippi's innovation and by the end of World War II virtually every state in the nation was in the business of "smokestack chasing."

BAWI was a success. Per capita income in Mississippi jumped from just over one-third of the U.S. average in 1940 to nearly half by 1950. By 1970 it reached two-thirds. Not only did it "balance agriculture with industry," it made manufacturing our leading economic sector. In 1940, only 56,000 Mississippians worked in manufacturing. By 1966, manufacturing employment outstripped agriculture for the first time, and by 1980, 200,000 of our workers were in manufacturing. Today, the percentage of our work force employed in manufacturing is higher than the U.S. average.

But BAWI was a qualified success. It left us vulnerable when the new "national" economy, whose emergence first allowed firms to move to Mississippi, became an "international" economy. *In retrospect, it's become clear that while BAWI provided new jobs for a time, it attracted precisely the businesses most likely to pack up when a cheaper place became accessible.* And it did little to nurture companies that would build the basis for sustainable economic growth and pay good wages in the new, competitive global economy. Many (though not all) of the businesses attracted to the state by BAWI's incentives were less interested in building up Mississippi than in fleeing the forces of modernization in the North. They found in Mississippi a state willing to pay them to get established and just as committed to low wages, minimum government oversight, opposition to unionization, and low taxes as they were.

For a while, BAWI was a good bargain. It created better jobs than those available within the state and it led to higher average wages. Then, something interesting happened. Starting in 1972, incomes in Mississippi started to slide compared to the rest of the nation. From 1979 to 1987, employment in Mississippi grew less than a third as fast as in the nation as a whole.

The clearest failing of an economy dependent on low-wage, low-skill manufacturing and agricultural production is that it fails to cultivate the one asset most needed in a new global economy based on quality and innovation — people and their skills. When low-wage jobs pack up and leave, they leave poorly skilled, less educated people behind. Today companies that make higher value-added goods — that pay good wages — are moving to places where education and workforce skills are highest. The evidence is clear that in Mississippi today the companies trying to stay competitive are doing so by upgrading to better quality and are involved in more sophisticated production — and they need better educated and skilled people to do it.

Historically, Mississippi's economy never cultivated people, their education, and the skills that would then help in creating and attracting more modern businesses. Another example of how this has affected the Mississippi economy is revealed in the fact that incomes have

declined and employment has grown slowly in several of the sectors that have grown rapidly elsewhere in the country — trade and services. Employment in services from '79 - '87 grew 41 percent nationwide, but only 17.2 percent in Mississippi, while trade employment grew 19.1 percent nationwide, but only 13.8 percent in the state.

Mississippi's trade and service sectors are weak because low-wage, less sophisticated manufacturing and agribusinesses (often owned by outsiders) don't demand many supporting services from the local economy, nor pay Mississippians enough money to support big retail trade or services sectors. Even more important, many of our manufacturing businesses are branch plants, lured here by our recruitment programs over the years, and they don't buy materials and services within the state the way in-state businesses do. Instead, decisions about business services, finance, insurance, and raw materials are made at corporate headquarters elsewhere in the country and provided by suppliers elsewhere in the country.

In short, we are living on borrowed time. While Mississippi faces the end of the century in better economic health than when it began, the strategy that brought us here is no longer acceptable. We have overlooked the consequences of not investing in people, our business infrastructure, and the quality and amenities of our communities. Consequently poverty, unemployment, and an underskilled workforce are still with us, and too many parts of our state suffer stagnation and out-migration of our people.

To change this situation we can't rely on the techniques we used 50 years ago — we cannot completely "recruit" our way out of this bind. First, we do not have the highly skilled workers globally competitive companies need. Second, we do not have the state-of-the-art business services "infrastructure" that competitive companies look for to do business in the global economy. Third, we don't have yet the community infrastructure and amenities demanded by competitive firms — good schools, housing, racial harmony, health services, cultural diversions, water, sewage, and transportation systems, efficient government, and more. We are getting closer and we are filling some of these gaps, but we must move faster and more dramatically.

Finally, we can't recruit our way into a bright tomorrow because we simply cannot afford it. It is estimated that it cost Kentucky some $50,000 per job to recruit its new Toyota plant. If Mississippi were to try to recruit new plants to replace, for example, just our apparel jobs, it would take 18 such plants at a total cost of some $1.8 billion. And even if we spent that money, we still would be no closer to gaining control over our own economic destiny — we would simply have put our future, once again, into someone else's hands.

There is an alternative, however: the creation of a vibrant economy built upon a foundation of competitive businesses already located within Mississippi — Mississippi-owned businesses and progressive branch plants that combine our great resources with state-of the art technology and training to produce world-class products and services. We can build on the industries of the past the successful industries of the future, wood products, food services, communications gear, chemicals, high technology metalwork and motors, and many, many more — by developing our people, our communities and our competitive businesses. There is evidence that this foundation is already being laid.

A NEW ECONOMY EMERGES

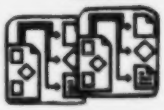
> **"We can no longer afford to leave our economic destiny in the hands of others."**
>
> **Natchez business owner, 1989**

Although the recent performance of Mississippi's economy seems sluggish, that overall picture disguises the fact that there are businesses being born, expanding, contracting, and dying in every one of our industrial sectors every day. *A closer look at which businesses are growing reveals that a new economy is emerging in Mississippi — an economy driven not by the big assembly-line factories of our past, but leaner, more specialized, and often smaller businesses, an economy driven not by low-skills and low wages, but by high skill and higher wages.*

Between 1980 and 1987, more Mississippi businesses were born or expanded than contracted or died. In manufacturing, the number of companies paying higher than

Markets have changed — international, quickly changing, competitive.

Products have changed — high quality, specialized.



Production processes have changed — sophisticated technology, precise, flexible.

Businesses have changed — decentralized, flexible, leaner.

Workers have changed — highly skilled, adaptable, responsible for decisions.

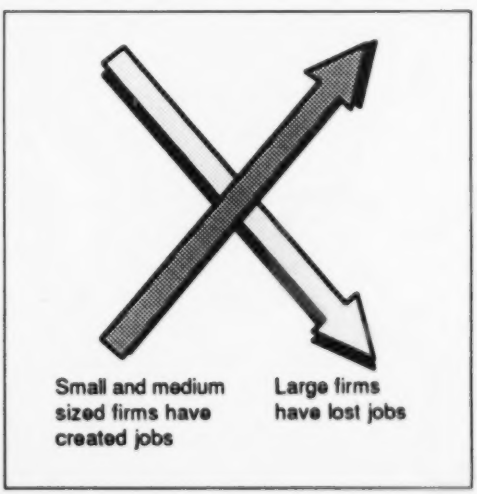
average wages is growing a little faster than those paying average or below-average wages. That's good news. But there is an even more revealing story: *to the extent that Mississippi has grown at all during the 1980's, it has grown because of the success of our small and medium size businesses.*

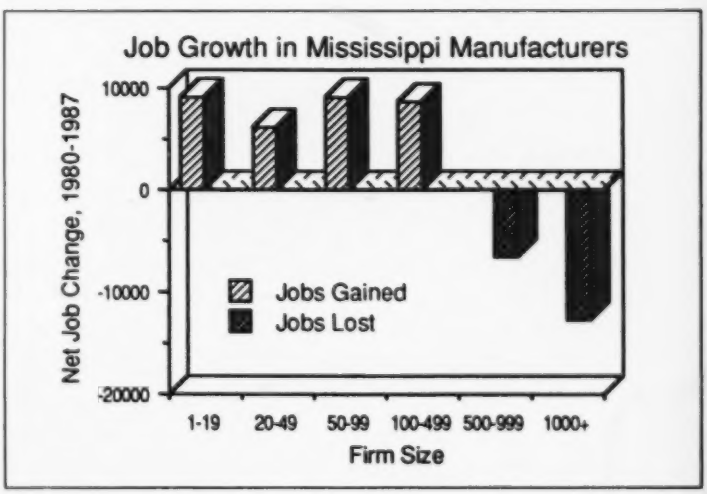
In manufacturing during this period, the most important net new job creators have been small and medium size companies employing between 20 and 249 workers.

These medium size companies grew whether the economy was strong or weak. So, these medium size companies are both the largest source of new manufacturing jobs and the most stable source of jobs. All total, these companies added approximately 22,000 jobs while companies employing 500 and above, lost approximately 19,000 jobs during this period.

We also see new opportunities in agriculture. While it is unrealistic to expect all farm products to be completely processed in Mississippi, there are tremendous opportunities for highly profitable value-added production of agricultural products.

Growing Mississippi companies are demanding more of their workforce and their communities than ever before. They want their communities to provide good health care services, a clean environment, decent housing, and strong schools. The skills they want their workers to master aren't





simple routine tasks; rather they are tasks like statistical process control and advanced blueprint reading, solid communication skills, teamwork, problem solving ability and leadership. In short, they need their new workers coming out of school and their current workers to be able to think, work, and learn for themselves a complex variety of tasks.

BARRIERS IN THE ROAD TO THE FUTURE

"Even now, we'll work like hell to get a Japanese plant, but we won't help the businesses here."

Jackson businessman, 1989

Despite this positive evidence of business dynamism, there are trouble signs, and factors holding back Mississippi's march into the global economy. Even in manufacturing, where small and medium size businesses have expanded more than large businesses, our new businesses are growing slower than all but eight other states.

What's holding them back? Part of the answer lies in these businesses themselves; small and medium sized companies are often unable to gain access to the financing, technology, research and marketing assistance they need to grow and compete. Also, Mississippi businesses are crying out for skilled workers as they upgrade their production systems and introduce new technologies — fully 70% of Mississippi companies say they can't get the skilled help they need in key occupations.

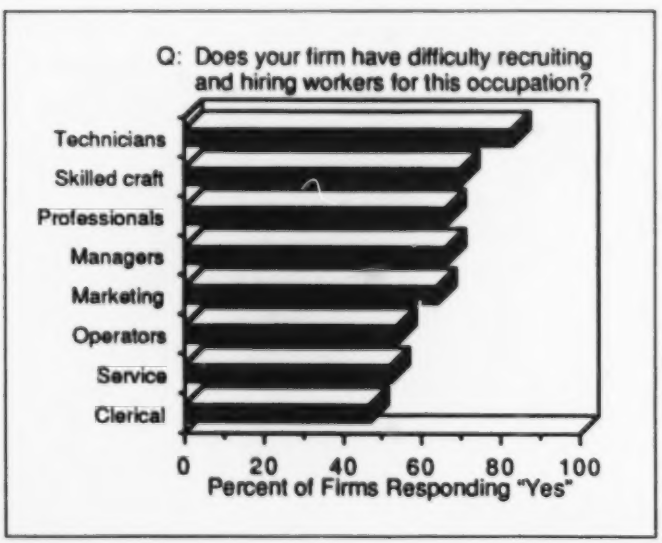
Not only are Mississippi workers not available with needed skills, but those we educate and train in our schools and companies often leave for greener pastures.

As disturbing, our new growth is not evenly distributed. Rural communities are not improving fast enough because continuing declines in agriculture are not being offset by emerging new businesses in or near those communities. Even more troubling, the income and opportunity gap between white and black Mississippians is widening, the product both of persistent poverty and persistent prejudice.

These barriers are the price we pay today for creating short term economic opportunity in the past at the expense of needed long-term investments in our own future. An economy based for generations on low wage labor provides few incentives for young people — black or white, rural or urban — to pursue education and few rewards for adults who acquire new skills. An economy that depends on maintaining the lowest cost business climate in the nation provides little in the way of revenue to permit communities to provide basic services — schools, roads and bridges, water and sewer systems, health and housing services, recreation and culture. And an economy that has suffered years of underinvestment cannot provide the basic services modern, competitive businesses need most.

The education reforms that began in 1982 and the four lane highway program approved in 1987 are significant investments that will help improve our economy. But these are only the beginning of the investment strategy that the state must pursue.

Only a healthy, independent and well-trained population can support the type of high growth and high value-added industries that the state needs to attract and stimulate to increase our standard of living. The fact is that Mississippi currently has the highest level of economic dependency in the nation. This is a waste of human potential and of the limited resources of the state.



A prospective worker should, at a minimum, be able to read and write. But in this regard, Mississippi has a problem. One of every four prospective workers here over the age of 25 is functionally illiterate. As a result, investments must be made to improve the performance of the public schools and to improve the basic skills of the current workforce. Only through solid and equitable education will our entire workforce become the asset we need.

Investments must also be made to reduce the economic dependency of so many of our citizens. Even with low benefits and high federal participation in programs, the cost of supporting a large number of dependent persons through welfare and medical care programs places severe strains on limited health care and other service delivery systems. This makes the task of upgrading education and skill levels very difficult. Efforts to reduce dependency on the state have a direct and significant effect on businesses and economic development, both by upgrading the skills and health of the labor force and by lowering government costs.

The Choice: Lead or Follow

Global competition isn't something that just affects multinational corporations like Ford or IBM, it affects all of us — every individual, community, and business in every corner of Mississippi. Often, we feel the impact of global competition indirectly — when Mississippians without high school diplomas discover there are fewer jobs open to them, or when communities trying to recruit new industry are told they lack the school system competitive companies demand today.

Until recently, Mississippi, along with much of the rest of the South, has been able to duck the competitiveness challenge, taking shelter behind low wages and antiquated production systems that kept the prices of the things we made low enough to get by. But that strategy doesn't work anymore.

"If you don't think globally, you deserve to be unemployed...and you will be."

Peter Drucker,
International Business Expert

"Low-wage companies no longer are confined to looking at states like Mississippi for a new home. They can look to Mexico, Malaysia, and Taiwan, where most people will always work for lower wages than Americans...the only way America's states can survive with a low-wage strategy is to embrace the living standards of Third World countries. That is precisely the standard from which Mississippi is trying to break loose...successful strategy hinges on a well educated work force capable of adapting to high-technology manufacturing, good transportation, and affordable, available capital."

Editorial, Northeast Mississippi Daily Journal
September 7, 1989

Mississippians — individuals, businesses, communities — must make a choice. But the choice is not whether to participate in the new global economy. That decision already has been made for us; we cannot turn back the clock. Mississippi businesses may choose not to export, but they cannot avoid international competition. Our competitors have not just flooded local markets with their products and services, they have become our neighbors. *Between 1979 and 1986, there were nearly 90 foreign-owned new plants established or expanded in the South — nearly 30 percent more than any other region in the country. In short, companies that cannot compete in international markets will be unable to compete in domestic markets.* The same reality faces individuals and communities in Mississippi: people who lack the skills and communities that lack the services demanded by competitive companies will be left behind.

Mississippi's choice is simple and stark:

Stay where we are or join the ranks of the prosperous global competitors.

It is a genuine choice, but not an easy one. After years of chronic underinvestment, we are beginning to move forward — educating our children better, training our workers, modernizing our companies, fixing up our communities. But we must double our efforts at improvement, for the world is moving fast as well. To join the ranks of prosperous economies will take extraordinarily hard work on the part of every individual, business, and community in Mississippi — a

commitment to ourselves and to each other to make the long-overdue investments needed to vault Mississippi to the front ranks of the nation's and the world's economies.

In this plan you'll meet some of these competitive people, communities, and companies in Mississippi. But there are many more businesses, communities, and individuals who have not begun to move, who are waiting for someone else to step in and save the day. *If Mississippi is to have a bright future, we must create that future for ourselves — every individual, every business, every community.*

COMPETITIVE PEOPLE

Mississippi's greatest economic asset is its people. Throughout our history, employers have been able to rely on eager, hard-working Mississippians to get the job done.

But the job has changed, and hard work isn't enough. The new economy emerging today in Mississippi demands workers who are well-educated, highly skilled, technically literate, willing and able to adapt, and capable of working in problem-solving teams, and demands the investments that will give our workers these skills. For workers who have these skills, the new economy offers unparalleled opportunities. For workers who don't, the new economy offers dwindling prospects. Economies that can meet these skill requirements will grow, attracting new industry and spawning new businesses of their own. States that cannot meet these requirements will stagnate and decline.

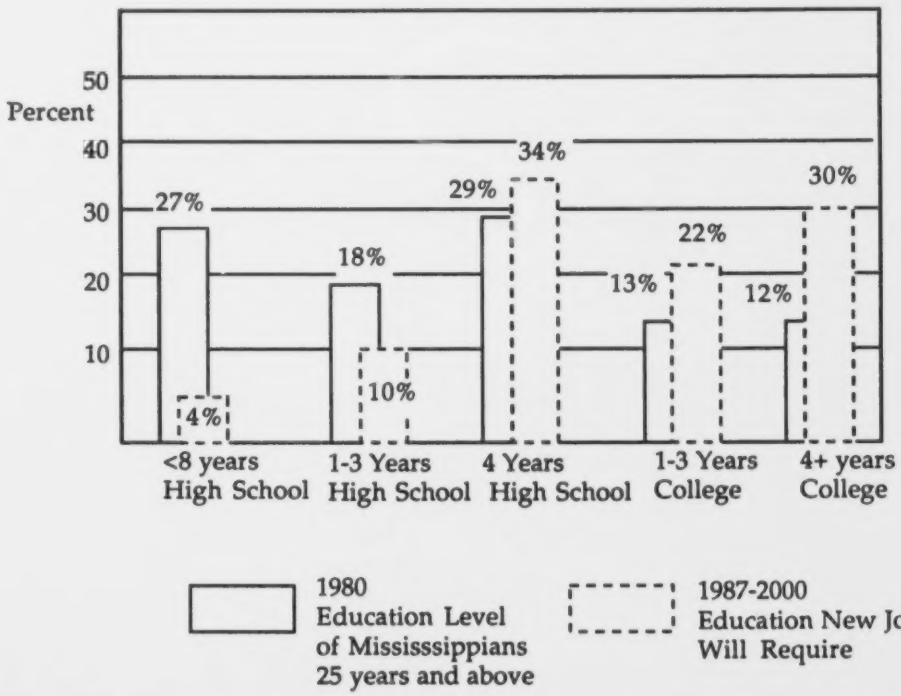
Status Report:

There is a profound mismatch in Mississippi today between the increasing skill requirements of jobs and the decreasing skill levels of future workers. Over half of tomorrow's jobs will require some college-level skills, but nearly half of Mississippi's current work force does not even have a high school education.

"The returns to those who invest in education beyond high school are the highest of the post war period. Over a lifetime of employment, a worker with post-secondary education today can expect to earn nearly $550,000 more than a high school grad."

"How American Can Triumph,"
***Fortune*, December 18, 1989**

Mississippi Workforce Education is Below What's Needed for New Jobs



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More than a quarter of all adults in Mississippi are functionally illiterate. Nearly 70 percent of Mississippi's employers report they can't find the help they need in key skilled occupations.

The future is even more troubling: more than a third of all 9th graders fail to complete high school and, because they are unskilled, fail to find work. Youth unemployment in Mississippi is 32 percent and between 50 and 60 percent among black teenagers. At the same time, teen births are higher in Mississippi than anywhere else in the country, and rising. Partly because of this, 4 out of 10 babies are born into poverty — twice as many as the national average. Without adequate pre-natal care, birth weights are low and infant mortality is high. Those infants who survive enter childhood and school at a significant disadvantage and stand an even greater chance of failing or dropping out.

These statistics are statewide averages; there are huge regional and community disparities in income, youth and adult unemployment, education levels, health and housing inadequacy, and related issues. Moreover, while women and minorities have been responsible for most of the recent growth in Mississippi's work force and will make up a much greater share of our future work force than they do today, they also bear a much higher burden of disadvantage in all of these areas.

As poor as this overall picture seems, there are exceptional and successful human investment programs underway throughout the state, including literacy programs in Columbus and Oktibbeha County, among others; the Teen Learning Center in Meridian; Tupelo's employer-guided technical education program; Gulfport's JTPA-funded computer-based remedial education program for young people; the Hazelhurst school district's adult education and drop-out education program, with day-care for young mothers; and many others. These efforts and others like them, are bright beacons of progress for the most part still hidden under a bushel. Mississippi's people, fueled by the caring and energy of hundreds of individuals around the state, are moving forward.

Mississippi is not without resources to invest in its people; programs exist at every level. But the system is characterized by warring bureaucracies and jurisdictions, and inadequate attention to performance outcomes and accountability. The result is ineffectiveness and drift in the midst of desperate need. We are spending a fortune to "fix" problems that smaller front-end investments could eliminate altogether: it will cost the state an estimated $280 million per year to care for teenage mothers and their babies. A modest statewide commitment to preventing teen pregnancies could eliminate much of the need in advance.

If Mississippi is to join the ranks of the most successful economies, it cannot afford waste and it cannot afford to leave anyone behind. And unless we work harder at reversing decades of underinvestment in our human resources, we will fail to achieve our goal. As we have already experienced, without healthy, well-educated people, communities will languish and businesses will decline — or move elsewhere.

The Strategy: Life-Long Learning And Long-Term Human Investments

Of all of the legacies of our past, the underinvestment in people that resulted from our reliance upon low wage industries for jobs and growth is perhaps the most crippling. In order to upgrade our existing businesses, or attract state-of-the-art new businesses, we need to produce and encourage skilled workers. Our current education and training system is not producing them. For example, despite the fact that 55 percent of our future work force is already working today, only 3 percent of our entire education and training budget goes to programs for adults.

Mississippi needs to make a commitment to its people — a commitment to a system of life-long learning opportunities and coherent, long-term investments in human resources. In turn, Mississippians need to make a commitment to themselves — to pursue education and skill development persistently, throughout life, to secure the opportunities and obtain the benefits presented by our new economy.

The Mississippi commitment has to start within each of us, within every family — we must commit to work hard and give something back to society. We must help our children develop the discipline and perseverance to make something of

themselves. We must reach out to those without a strong family to depend on and help build their own personal strength.

As with business development, success will depend on initiatives created by and led by our communities, where local needs and resources can be brought together most efficiently. State programs and assistance may serve as catalysts, but the impetus for change, ultimately, must come from Mississippians themselves, through improving themselves and helping their neighbors do the same.

The state's part of the bargin must include:

1. *Pursue education reform as it helps us reach clear goals of better prepared citizens for life and work.*

The current education reform proposals, will carry Mississippi further towards its goal of a world class education system, and support of learning from cradle to grave. The investments in the workers of today and tommorrow are essential; The Southern Growth Policies Board recently concluded that the single most powerful predictor of economic growth is the level of education and human resource development in an area. It will take years for this investment to pay off — but if we do only one thing to foster economic development throughout Mississippi and for all its citizens, it will be to develop further an effective system for lifelong education of Mississippi's citizens.

Diane Martin of Greenville was doing the best she could teaching her young pre-school son Brian on her own, when a representative from the HIPPY family literacy program knocked on her door. Divorced, unemployed and on welfare, with two older children in addition to 4 year old Brian, Diane wanted to give her child the best start towards school. "I was teaching him the ABC's" and counting, but my mind didn't take me much farther." Enrolling herself and Brian in HIPPY, Diane attended group meetings where she learned additional home instruction techniques. Afterwards she and Brian spent at least 15 minutes a day together, doing learning exercises, manipulating colors, shapes, drawing, writing, learning how to learn together. Sometimes Diane's 8 year old daughter Jermaine joined in. With HIPPY, both Diane and her children have something that can take them further than they could get on their own. This year Brian started kindergarten; "where he is doing great — bringing home certificates for advanced performance" according to Diane. And Diane has started to work for HIPPY, recruiting other young mothers into the program. For Diane and her family — HIPPY helped them draw closer, and become involved in life again.

In the meantime, there are urgent actions needed that will have rapid, measurable results:

2. *Establish a public/private Human Capital Strategy Board to rationalize the existing mishmash of state, regional, local, and private human resource investments.*

It's time to end the chaos in our current expenditures for education, training, literacy, health, and related services and to begin setting the standards of global competitiveness. A Human Capital Strategy Board, composed of private industry leaders as well as public officials, should be established to:

- Integrate existing state and federal programs and dollars into a coherent human investment system;

- Help the Governor and Legislature set priorities for state human investments;

- Develop a common intake form and assessment tool for determining the work-readiness and education and training needs of participants in publicly-funded education and training programs;

- Establish a mechanism for ensuring that employers have the lead role in defining the content of training programs;

- Establish outcome standards for all education and training programs, monitor attainment of these outcomes in all programs, publish results for consumers of these programs, and make continued funding contingent upon outcome attainment;

- Ensure that all programs have both the flexibility and responsibility to be consumer-driven — that

is, based upon the needs of the individuals participating, not upon mandates or "eligibility requirements;" and

- End the educational and skill gulfs that still divide black and white, and urban and rural Mississippians.

3. *Inaugurate, with private industry, a major new Work-place Learning Campaign.*

The core recommendation of our Competitive Businesses strategy, comprehensive industrial modernization, cannot succeed without a companion initiative aimed at upgrading the skills of Mississippi's work force. A number of Mississippi firms have already learned that training and education programs work best when they are delivered in the work-place. The principle beneficiary of this initiative is Mississippi's business sector and they should define the content of needed programs and underwrite their cost, as needed. But the state has a significant interest in the success of the initiative and should:

- Recruit 600 companies employing 20 workers or more each year for the next ten years to participate in the Campaign, targeting strategic manufacturing and service industries;

- Aggressively market the 25 percent basic skills tax credit toward the cost of such work-place training and education programs;

- Field "industry response teams" composed of community college, MESC, PDD's, DECD, GED coordinators, industrial trainers, and local chambers of commerce, to help employers assess their work force education and training needs and design appropriate programs;

- Certify (through Human Capital Strategy Board outcome measures) participants in work-place training so their credentials are recognized and "portable;"

- Encourage employers to condition continued employment on meeting jointly arrived at skill and education levels; and

- Provide for the creation of "training consortia" among small firms in the same or related industries clustered in regions within the state that might be too small for on-site training programs.

4. *Establish a "JOBSkills" program of cooperative education between employers and schools.*

Despite concerted effort to reform the secondary vo-tech system, employers still view the programs as irrelevant and their graduates as inadequately prepared for the world of work. Experiments elsewhere in the United States and long-standing mainstream programs in Europe have proven that secondary school

Two years ago Baldor Electric, a Mississippi maker of industrial motors, began to revamp their production system in the face of stiff foreign and domestic competition. According to Mike Smith, production manager, as they began to teach their 300 workers advanced statistical process controls and quality improvement process concepts, they noticed: "light-bulbs just weren't going off the way they should." When they began testing workers for basic workplace literacy they detected a huge problem — right away many of their workers could not read, do the math, nor master other skills necessary to use their new production technology.

Baldor's response was to make a commitment to their workers to help them get up to speed. They built a classroom into the plant, bought computer equipment, arranged for special tutoring, and developed both basic literacy programs and a new 10 week orientation program in the new skills and team concept needed to compete. Baldor's workers responded by signing up for hours of class time after work. Even 40 and 50 year old workers — who thought themselves "too old" to change — began to catch the bug and join the classes. The new team spirit has become infectious.

As Mike Smith puts it — "We did this mainly for our people, there is nothing more moving than seeing someone with a tear in their eye because they can now read to their kids. But for Baldor our goal was quality, and to get quality today you need education." Baldor has seen quality measures go up and defective production work go down — that's the bottom line. And it leads its sister plants in other states in developing the quality program.

programs that incorporate work experience and work-relevant coursework provide more students with more avenues to careers, reduce dropouts, and significantly improve the calibre of the work force. JOBSkills would be available to students in grades 10-12. Under the program (which would be a demonstration program initially):

- Students and employers would sign contracts for part-time, graded work experience;

- Entry would be competitive, giving employers the opportunity to select candidates based upon aptitude, interest, and previous school performance;

- Schools would be responsible for assuring complimentary work-relevant coursework in school and for guidance, screening, testing, etc.; and

- Employers would be responsible for supervised work, mentoring, performance assessment, and paying a sub-minimum training wage.

5. Ensure that basic human investments are made to guarantee that all Mississippians have an equal opportunity to succeed in the new economy.

A range of human investment programs, not normally associated with economic development, are in fact central to the achievement of our goal of a rising standard of living for all Mississippians. To meet basic human needs and help all citizens prepare for a productive life, Mississippi should:

- Continue expanding and funding for pre-natal and peri-natal care for all Mississippi mothers and infants at risk;

- Expand the School Health Nurse Program statewide and encourage close cooperation between the community, schools, and health clinics to stem teen pregnancy and drug abuse;

- Pursue welfare reform initiatives providing day-care, transportation, and training for mothers to enable them to escape dependency through employment or self-employment;

- Continue developing affordable day-care programs and encourage private day-care partnerships and company-sponsored day-care programs for employees;

- Mount an aggressive, public, child support enforcement program and institute a mandatory wage-withholding system for delinquent parents;

- Engage young people in our communities in Community Service Corps, peer counseling programs and leadership development activities, and enterprise development initiatives, as a way to build self-esteem, contribute to the community, and bring black and white young people together;

- Provide accessible and affordable health care for all Mississippians, and encourage employers to provide health insurance. Seek ways of insuring the uninsured and underinsured, and develop alternatives for elder and indigent care; and

- Upgrade substandard housing and pursue the recommendations of the Housing Task Force through innovative community initiatives.

Beta II, a Marks, Mississippi, maker of electronic auto parts recently got a message from one of its chief customers, the Ford Motor Company: "Get your product up to Quality One or we won't buy from you anymore; you're competing with suppliers from all over the globe and you've got to be better than any of them." Beta II scrambled, retooling production systems and retraining its 140 workers in statistical process control, shop math, blueprint reading, and communication and management skills. They made the Q1 rating after a Ford inspection, but Ford wanted more: a plan for continuous improvement and training before they were deemed "Q1". With help from the state and their local community college, they are meeting that demand, too. Says George Person, Beta II's Plant Manager: "We are in a gang war with companies around the globe — and we are going to beat 'em."

Government doesn't necessarily create economic development, businesses do. They do it by creating products and services that customers want or that they value more highly than those created by someone else. The more successful businesses are at doing this, the more jobs are created and the more wealth is generated.

From the state's point of view, the purpose of "economic development" is to assure every citizen an opportunity to achieve a better life. It isn't enough, therefore, for people simply to have jobs; they have to have good jobs — jobs that pay good wages, are reasonably stable, and offer them a future. Mississippi has come a long way from the dirt-poor agrarian economy we had half a century ago. We are a manufactuting and services industry state today. The problem is that many of the goods and services we produce today aren't in enough demand for our economy to grow as fast as the rest of the nation. We are falling behind, in effect, because we are not keeping up.

"U.S. companies spend two-thirds of their R & D budgets on new products and processes. Their Japanese counterparts spend two-thirds of their R & D on the scores of small refinements that can improve manufacturing quality and efficiency. The resulting well-honed skills also help them get new products to market faster and with few glitches."

"How America Can Triumph,"
***Fortune*, December 18, 1989**

If everyone in Mississippi who was eligible to work had a job today at Mississippi's prevailing wage, we would still have the lowest per capita income in the nation. By and large, our low per capita income isn't because Mississippi employers pay unfair wages, it's because the things we produce aren't valued highly enough by consumers in the marketplace to warrant higher wages. The quality isn't good enough, or the product isn't special enough, or the service isn't needed enough. And so we only get by when we should be getting ahead.

Because we have a "branch plant economy" — one dominated by factories owned by outside corporations — Mississippi has less ability to influence the research and development, capital investment, product development, or marketing decisions of companies controlled by distant corporate executives than if those decisions were made here in the state. And even if we could influence those decisions — and thereby increase the quality and competitiveness of the plants in our state — many of the benefits would accrue elsewhere, not here in Mississippi. We can and should encourage our branch plants to upgrade their production technologies and improve their products, and applaud those who do. But for the most part, they are not our best hope for increasing economic development.

The state's prime economic development audience is the small and medium size businesses headquartered here in the state. These businesses — which are the primary source of new jobs — want to stay in the state, want to grow in the state, and depend more on the finance, technology, infrastructure, and human resource policies of the state than do large branch plants.

And what many of these businesses have told us is that they are struggling: they can't get the right kind of financing, especially risk and working capital, they need to start up or expand. They can't afford to develop or gain access to the technologies they know they must have to remain competitive. They don't have access to information about emerging markets elsewhere in the nation or the rest of the world where they might sell their products and services. They need better training in advanced management practices and production techniques. They can't find workers, technicians, or managers with the qualifications they require. They even have trouble getting information on the business assistance programs the state already has created to help them.

These problems plague all of our in-state businesses, but they are even more pressing for our minority-owned businesses, who continue to be subtly but systematically excluded from opportunities and resources available to other businesses.

The fastest, and ultimately most lasting, way Mississippi can achieve its goal of a rising standard of living and greater control over its own economic destiny is to help existing Mississippi-based businesses become world-class competitors and encourage those Mississippians who want to create their own small businesses to take that step toward economic independence.

The Strategy: A Commitment To Modernizing Our Businesses And Our Business Environment

Once again, moving ahead will require a new approach to economic development. We have the raw materials from which to fashion our future — Mississippi-based manufacturers, agribusinesses, and service firms, that want to grow, workers who want to work, business service companies that want to serve, and entrepreneurs with the energy to turn their dreams into reality.

What we have lacked until now is a systematic way of helping our own businesses help themselves. We need a way for our relatively small companies to gain access to the resources and information they need to become globally-competitive. These companies are dispersed throughout a rural state, and with weak connections between producers and suppliers and limited access to market information and new technologies. As initial steps to a systematic approach, Mississippi should:

1. Challenge private industry to mount a Global Competitiveness Initiative that will dramatically upgrade Mississippi's manufacturing base.

There are businesses in Mississippi that are operating at global standards; the problem is these "best practices" are not yet common practice. Consequently, the core recommendation in the strategy for creating competitive businesses is *to engage 70 percent of Mississippi-based manufacturing firms in a modernization program during the next five years that will help them meet or exceed global standards in technology, product quality, management practice, production flexibility, work force skill levels, and new market development.* This modernization program should be part of a larger Global Competitiveness Initiative led by our business sector but assisted by the state. The initiative should:

- Educate employers about what global competitiveness means for their particular business;

- Establish a Global Markets and Technology Observatory to collect and make available to manufacturers information about market and technology trends;

- Make available to Mississippi manufacturers leading experts on modernization in their specific industries;

- Establish more broadly workplace learning and skill development programs, using available tax credits and both public and private training services, to meet employers' labor force skill needs;

- Create an industrial extension service that would expand upon existing sources of technology expertise and make their services accessible to industry through a

network of field offices.

• Establish a mechanism for monitoring the achievement of global standards and the performance of the state's major industrial sectors on a continuing basis; and

• Establish an annual award recognizing the Mississippi firms that have shown the greatest progress in meeting or exceeding global production standards.

B. C. Rogers Poultry Company may not sound world class, but don't be fooled, this employer of 2200 Mississippi workers has become successful by carefully choosing its market niches and deploying advanced technology. Several years ago Rogers made a decision to target a specific niche in the growing poultry market — as a wholesale supplier to the food service industry including McDonald's and Pancake House. Rogers has developed the means to grow chickens specifically tailored for de-boning, and to deliver higher value-added prepared poultry products such as ready to use deboned pieces, marinated chicken breasts and the like. Innovations to meet the changing and more specialized market demands of American consumers has made B. C. Rogers one of the most profitable poultry producers in the nation.

2. Begin establishing "flexible manufacturing networks" among small and medium size firms.

The competitive limitations caused by the structure of Mississippi's manufacturing sector — composed of small and medium size companies dispersed throughout the state — can be converted into assets through the creation of networks designed to help small firms achieve economies of scale while preserving the flexibility afforded by their small size. *Companies in the same industry, or producing components of larger manufactured products can, through networks, develop or pool the technological improvements, management skills, market development information, and training services that they would have been unable to afford individually, as well as develop new producer-supplier linkages.* To spur the development of these networks, the state and communities should:

• Identify industry clusters where networks might best achieve the modernization levels required for global competitiveness;

• Provide challenge grants to industry associations, economic development organizations, and educational institutions, among others, to encourage them to establish such networks;

• Provide training and technical support as these networks organize and begin operating; and

• Provide matching grants for specific network projects (e.g. technology development, market analysis, etc.), while requiring explicit buy-in investments on the part of participating firms.

3. Strengthen linkages between Mississippi's service industries and its other industrial sectors.

Because so many of the purchasing decisions in our branch plant economy are made elsewhere, and our historically low-tech economy hasn't produced a diverse professional class, Mississippi's service industries, and especially its business services (insurance, finance, accounting, legal, marketing and advertising, etc.) are chronically underdeveloped. As we work to strengthen the goods-producing industries in our economy, we must work to strengthen the businesses that could serve these industries. Accordingly, the state should:

• Develop a computerized data base on Mississippi service businesses that can be used to match producers with suppliers;

• Convene a task force of service firm leaders to develop an analysis of common needs and market opportunities;

• Ensure that opportunities to obtain the scale benefits of networking are made available to service sector industries as well as manufacturers; and

• Encourage acceleration of the development of telecommunications infrastructure throughout the state, upon which many advanced service industries depend.

4. Build the base of Mississippi entrepreneurs.

The more Mississippians start their own businesses, the more control Mississippi will have over its economic future. Already, new small businesses are one of the major sources of new jobs in our economy, and while failure rates

are often relatively high, twice as many jobs are being created by small firms as are being lost due to their failure. To increase the rate at which new businesses are formed and, more important, to increase the growth rates of those that have already been formed, the state should:

- Encourage the development of public and private risk capital funds by, among other measures, participating (with private investors) in the capitalization of a fund to commercialize new technologies developed within the state, assisting in the creation of one or more microenterprise loan funds aimed particularly at minority and rural entrepreneurs.

- Provide self-employment and entrepreneurship training to Mississippi residents, including specific programs to use JTPA and unemployment insurance funds to train unemployed or dislocated workers; school-based entrepreneurship education; and college and community college courses;

- Support local initiatives to foster entrepreneurship through local business incubators and community development organizations; and

- Establish an annual award to recognize "entrepreneurs of the year" and publicize home-grown business success.

5. *Fill gaps in Mississippi's business financing system.*

Mississippi's financial institutions have the capacity to meet the capital needs of the state's businesses but in some areas fail to do so. Capital is available for larger, more established firms (which have been losing jobs during the last ten years), but not for the small and medium size firms that have been the major job generators in the state's economy. It is much easier for a millionnaire to get a loan for an extra $1 million than it is for an entrepreneur to get a start-up loan for $5,000. *Compared to other states, Mississippi banks engage in low levels of commercial and industrial lending, require higher than average levels of collateral and equity, avoid working capital financing, and offer little or no risk capital — all to the detriment of the smaller Mississippi-based businesses that offer the greatest potential for growth.* The state, for its part, offers a range of tools for fixed-asset financing but, like the private sector, is weak in the area of working capital for small and medium size businesses. Moreover, these state programs are poorly marketed to the private sector. The new seed capital fund may help fill the gap in risk financing, but will need to be supplemented if more of the capital needs of our entrepreneurs are to be met here in Mississippi. To strengthen Mississippi's capital markets, the state should focus on improving the functioning of private capital markets, rather than intervening with scarce public funds, and should:

- Establish a Mississippi Development Finance Council composed of public and private finance leaders to rationalize existing capital services and help private financial institutions adopt state-of-the-art development finance techniques, particularly in the area of working capital and risk capital;

- Establish a Small Business Expansion and Modernization Fund, jointly managed by bankers and public development officials and linked to the modernization initiative, that would provide for risk pooling among many banks; risk sharing by the state through direct investment, guarantees, or insurance; and decentralized delivery of services to meet regional variations throughout the state;

- Earmark a percentage of the Seed Capital Fund for co-investments with local investment groups providing small-scale financing for startup businesses — financing that otherwise would be too small for the Fund to address itself;

- Encourage the establishment of local and regional bank-sponsored development corporations and risk capital funds to support the strategy emphasizing community-based development initiatives;

- Unify the management and marketing of existing state, regional and community-based business financing programs and link them more closely to the rest of the state's business development initiatives; and

- Recognize financial institutions that establish innovative and aggressive development finance programs.

6. *Strengthen support for minority enterprise development.*

Efforts to increase minority enterprise development in Mississippi are not succeeding. While black Mississippians comprise 35 percent

of our population, they owned only 13.8 percent of the businesses in the state in 1982 and generated only one half of one percent of all business sales in the state. This represents not just an historical lack of capital resources and business experience within the black community, but the persistence of barriers to the acquisition of these resources from the white community. The inequity inherent in the state of black enterprise in Mississippi notwithstanding, a compelling economic fact of life remains: Mississippi cannot move into the front ranks of the global economy with its black population significantly exluded from the opportunities of enterprise creation. We must improve if we are all to prosper. The state should:

- Set a goal of achieving parity in business formation rates, total sales, and sales growth between Mississippi's minority and majority-owned businesses;

- Increase the availability of comprehensive management training and technical assistance for minority-owned firms;

- Ensure that existing economic development and business assistance programs are accessible to, marketed to, and serve the needs of minority-owned firms;

- Convene a task force of minority-owned firms to identify and recommend action to remove barriers to minority businesses; and

- Increase the availability of seed and equity capital for minority-owned enterprises through tax incentive financing, creation of private sector intermediary financial institutions (including community development corporations and business and industrial development corporations), and greater access to conventional financial institutions.

In ten short years, the N. L. Carson's Construction firm has gone from a one-man operation with a pick-up truck to the co-winner of the U. S. Small Business Administration's minority contractor of the year, making over $9 million dollars in 1985, and $6 million a year since. When Mr. Carson talks about what has made him so successful he spends much of his time focusing on his workers. Carson has a "home-grown" crew, training them in-house and expecting a long-term commitment from them in return. Carson calls his team of workers his "key asset." When Carson first tried to start his own firm he had the experience and track record of performance, but could not get the financing. With persistance and help from the SBA contracting program he got started — and has been rolling ever since. Still, he sees other minority entrepreneurs facing similar hurdles — the start-up financing they need is hard to get.

Our communities define us as surely as do our families. People don't come "from Mississippi," they come from individual communities — big and small, urban and rural — in distinct regions throughout our state. Where we come from is part of who we are and affects what we may become.

In the same way, communities determine much about how our economy will grow. In the past, industry in Mississippi often wanted little more of communities than low taxes and very little regulation. *But the businesses driving the new economy emerging in Mississippi today are more demanding. They want educated and skilled workers; good schools for the children of their employees; honest and efficient local government, good housing and efficient water, sewer, and solid waste facilities; clean, safe streets; cultural and recreational amenities; and racial harmony. Communities that can offer these services will grow. Those that cannot will decline. It's that simple.*

Status Report:

Generations of underinvestment have left most Mississippi communities poorly prepared to accommodate or plan for the needs of the businesses emerging in Mississippi's new economy. While Mississippi has become a national leader in education reform, the state has an enormous amount of lost ground to make up. Thirty-five percent of our young people still drop-out of school. Only half of our adult workers have a high school education. Consequently they can often not perform basic tasks in the new workplace. Too many of our teenagers get pregnant. Up to 45% of rural housing and 26% of owner occupied housing is substandard. Too many of our towns' main streets are boarded up. Too many of our babies still don't get the health attention they need.

In almost every category of public works spending, Mississippi communities spend less than communities elsewhere in the South or the nation as a whole. While we have many water systems, many of these systems are not being adequately maintained and many are reaching the end of their useful lives. Too many towns in the state are not in compliance with EPA wastewater standards, have no plans underway to upgrade, and have no resources to upgrade even if they had plans. Legal landfills in the state have only an estimated six years left before they reach capacity and solid waste is accumulating rapidly in illegal dumps. Mississippi has no treatment facility for hazardous and toxic wastes and is one of the largest exporters of these wastes in the nation. Roads and bridges in the state will soon require major repairs and while the legislature recently approved far-ranging improvement investments for major arterials, many secondary roads and more than half of all county and local bridges are deficient.

All these needs are community concerns throughout Mississippi — economic growth won't come without making priorities in each community and addressing them — and as we grow we will be better and better equipped to meet these challenges. *Much needs to be done at once, and the place for each of us to start is in our own backyard. There are communities that are struggling to patch together aggressive, far-sighted local economic development plans — plans that intergrate infrastructure and education and health improvements — and set goals and priorities among them.* The Department of Economic and Community Development, community colleges, local chambers of commerce, private companies, and the 10 planning and development districts, have already begun helping communities gain access to information, technical assistance, and financial assistance, among other resources.

But many more communities are doing nothing. Some are simply waiting for the state or someone else to deliver a solution, in the form of a new factory. Many others

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simply lack the capacity to put together a workable strategy — especially our most rural communities. The missing ingredients are leadership, direction, and "critical mass" — sufficient local resources to make needed investments and develop workable development strategies.

Indeed, in all but the largest of Mississippi's communities, the lack of "critical mass" — the combination of leadership, funding, and public and private institutions capable of helping develop growth programs — is the single largest barrier to competitiveness, and is the lasting legacy of decades of economic decisions made by others.

The Strategy: A Commitment To Community-Based Economic Development

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Mississippi's communities can become economically vital and competitive only through their own efforts. There will be no massive infusions of state or federal assistance, no sudden appearance of dozens of major new industrial facilities to create opportunity when none now exists.

Accordingly, the state's fundamental strategy for creating competitive communities should be to support community-based economic development. Local initiatives to analyze the community's economy and the forces affecting it are needed. Available resources to build upon assets and correct liabilities must be marshalled. Leadership necessary to turn those assets into home-grown business development and attraction strategies must be developed. The impetus for these initiatives must come from communities themselves, but the state has a responsibility to foster and support local initiatives. Not only are they the only way to generate lasting growth, but they also reduce the cost to the state and its taxpayers of supporting people and communities that are languishing.

By now **Tupelo** is well-known as a bright spot in the Mississippi economy, a tribute to community planning and cooperation, and a inspiration to other Mississippi communities. The best description of what happened there comes from the Gulfport-Biloxi Sun Herald, June 24, 1989:

"Why have Tupelo and Lee County gone from being "no place" to the state's premier growth area in the relatively short span of four decades? The key, and its no secret is leadership. That means the people made the miracle happen. That means the people looked at themselves, honestly and clearly. They determined where they were, where they wanted to be, and what was necessary to get there. Then they did what was necessary. Leadership demanded unity and produced it. The community came together. Individuals set aside parochial considerations for the greater good. The product of that unified effort is an economy that boasts 150 plants with more than 15,000 workers...the average wage is $8.40. With that strong economic base the retail and service sectors hum right along...If the coast is to learn from the Tupelo story the lesson is in four parts: leadership, unity of purpose, diversity of industry, and excellence in education."

Community-based development can't happen without improving the capacity of local and state government to support it. A new lean, decentralized, flexible state government which views its primary role as assisting community development must be created. State government will improve its performance as it improves its capacity to provide timely, responsive assistance to community efforts. Similarly, local government must become more professional and equipped to deal with the complex challenges communities face. Jurisdictional battles and overlapping turf which impede performance at the local level must be eliminated.

Finally, no company will locate, nor will meaningful community development happen where racial divisions still exist within our home-towns. An explicit goal of community-based economic development will be to bring together blacks and whites within communities for joint action on joint needs.

To get communities moving quickly to help themselves the following strategies are suggested:

1. Make community-based economic development the explicit strategy of state economic development policy.

Just as BAWI defined one era of

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economic development planning — community-based economic development can define the next. The state must commit to organize its resources and institutions to be responsive to community initiatives. It must work directly with communities to develop leadership, encourage cooperation (particularly among black and white) and provide technical assistance. State education, training, health, housing, economic development and other agencies must focus on helping communities — and cut through bureaucratic lines and turf, to do so.

2. *Target state resources to communities that make an effort to help themselves.*

The simple truth is that development is something people and communities do for themselves, not something that is done for them. Given chronically limited funding, the state must choose where best to invest its resources. The state should target its limited resources to communities that show commitment to long-term investments to upgrade infrastructure and other community facilities and recognize that economic development programs must integrate education, health care, and housing initiatives with efforts to foster local entrepreneurship, help existing businesses expand, and recruit new industry (where local assets make that a practical component). In short, state assistance must be contingent upon evidence of responsible local action.

3. *Help the poorest and most remote communities grow through incentives for regional collaboration and resource "pooling."*

In much of rural Mississippi, communities have been poor so long that they have few resources with which to overcome the neglect of the past and build the basic foundations of economic development. In such communities, regional collaboration may be both the most efficient and the only way to generate new growth. The state should commit itself to a program which provides financial and other incentives for communities to collaborate in the development and maintenance of basic public infrastructure (water supply, wastewater treatment, solid waste, recreation, and related facilities), and to pool other community resources (voluntary organizations, business groups, etc.) to plan for and create regional community and economic development initiatives.

In the spring of 1987, 47 members of the Meridian community representing a cross-section of area residents came together to look at the future needs of Lauderdale county. Through interviews, workshops, and community meetings the Meridian area Strategic Planning Council formulated a plan — a plan aimed at achieving the best Lauderdale county can be. The plan has real goals, real action plans, and real measures of accomplishment so the community will know when its made the grade. Most importantly the citizens of Meridian have a real commitment to make it work. Their mission: "To be a progressive area recognized for educational quality and economic opportunities; a regional service center; and a model of ethnic and racial harmony." To accomplish their mission, they developed a detailed blueprint with initiatives ranging from opening the south section of an industrial plant, to serving 600 adults with GED's, to reducing teen pregnancy by 50%, to beginning a seed capital fund of $1,000,000. Now Meridian has to get there. But that's community-based economic development!

4. *Support the creation and operation of locally-based development organizations.*

At the heart of most successful communities are locally-based organizations — partnerships of voluntary groups, local officials, and the business community — created to precipitate action on an issues vital to that community (such as affordable housing, literacy, health facilities, school reform, downtown renovation, new business financing, among others). These organizations are the training ground for new leaders and the proving ground for new initiatives to create local economic self-sufficiency. They constitute a significant investment by the community and offer enormous potential as catalysts of change. The state should support the formation and operation of such community-based organizations with incentive or challenge grants, matching funds for development projects, and management and technical assistance, as a core component of "helping those that

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help themselves." In addition, the state should work with the private sector to establish a Community Development Foundation to provide financial and management support for the development of such organizations.

5. Support and integrate local and regional plans for environmental management and infrastructure improvements.

The cost of building new facilities and maintaining aging ones is simply too great for many of Mississippi's disadvantaged communities, both rural and urban, to bear on their own. Yet these facilities are crucial to economic development. While the state does not have all the resources to step in and fill the gap, it does have the ability to reward communities that join together to devise regional solutions for meeting these infrastructure needs, by providing planning and technical assistance and channeling financial assistance to the most innovative proposals. It also must integrate state transportation infrastructures and environmental plans into an intelligible whole. Using state resources in this way would not only be more efficient, but it would also send a clear message to other communities on what it takes to become competitive in a world of limited financial resources.

6. Reform local government practices and institutions to be more efficient and effective.

In order for Mississippi's communities to be competitive our local governments have to be competitive as well — they must be lean, professional, and efficient in helping communities develop and implement strategies for economic growth and the provision of basic services. Ways to encourage better local government include:

- Develop alternative governance structures such as city manager systems;

- Ensure that operators of public facilities, public works administrators and town engineers, state and local planning accounting, and management officials, have access to professional and technical management opportunites through a Public Service Training Institute and accessible, professional training opportunities;

- Help local communities develop up to date budgeting and accounting practices; and

- Establish incentives for flexibility and innovation in public program management and operation; such as purchasing public services from private and non-profit organizations, bidding and procurement standards that require life-cycle costing and allow for flexibility in meeting performance objectives, increased use of "user charges", and "pay-as-you-use", and tax increment financing.

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THE NEXT STEPS

In this strategic plan, the Special Task Force for Economic Development Planning has proposed both a vision of Mississippi's economic future, and concrete steps Mississippi can take towards achieving a globally competitive society. Much work remains to be done to make this vision and these steps a reality. It will take everyone working together. It is time for Mississippians to show each other and the world that we aim to be competitive.

For the Governor and the Legislature

For the Governor and the Legislature, this means adopting the strategic plan as a statement of policy for Mississippi's economic development efforts. followed by actions and investments which support and encourage the implementation of the plan.

For the Task Force

For the Task Force, this means continuing its work — communicating the plan, drafting implementation guidelines, identifying new issues and recommending further actions that we need to take in order to reach our goal.

For our People

For the people of this state, this means investing in yourself and your children through education, through workplace practices that increase your competitiveness and through support of local actions to upgrade your community.

For our Businesses

For the businesses of this state, this means commitments to upgrade the skills of your workforce through internal and external training programs, commitments to professional and civic enhancements to your community and to business practices that increase your competitiveness.

For our Communities

For the communities of this state, this means looking closely at your community and region, assessing your strengths and weaknesses, and developing your own strategic plan to coordinate the needed investments in people and infrastructure that will make your community competitive.

Mississippi, we know that an increased standard of living is within our grasp. It is time to take the initiative and seize the future.

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SUMMARY OF RECOMMENDATIONS

COMPETITIVE PEOPLE

1. Pursue education reform to its fullest.

2. Establish a public/private Human Capital Strategy Board to rationalize the existing mish mash of state, regional, local, and private human resource investments.

- Integrate existing state and federal programs and dollars into a coherent human investment system
- Develop a common intake form and assessment tool for determining the work-readiness
- Ensure that employers have the lead role in defining the content of training programs
- Establish outcome standards for all education and training programs, monitor and publish attainment of these outcomes and make continued funding contingent upon outcome attainment.
- Ensure that all programs are flexible and responsible
- End the educational skill gulfs that still divide black and white, and urban and rural Mississippians

3. Inaugurate, with private industry, a major new Work-place Learning Campaign.

- Recruit 600 companies employing 20 workers or more to participate in the Campaign
- Aggressively market the 25 percent Basic Job Skills Tax Credit
- Field "industry response teams" to help employers assess their work force education and training needs and design appropriate programs
- Certify participants in work-place training so their credentials are recognized and "portable"
- Provide for the creation of "training consortia" among small firms in the same or related industries

4. Establish a "JOBSkills" program of cooperative education between employers and schools.

5. Ensure that basic human investments are made to guarantee that all Mississippians have an equal opportunity to succeed in the new economy.

- Continue expanding and funding for pre-natal and perinatal care for all Mississippi mothers and infants at risk
- Expand the School Health Nurse Program statewide
- Pursue welfare reform initiatives
- Continue developing affordable day-care programs and encourage private day-care partnerships and company-sponsored day-care programs for employees
- Mount an aggressive, public, child support enforcement program and institute a mandatory wage-withholding system for delinquent parents
- Provide accessible and affordable health care for all Mississippians
- Upgrade substandard housing and develop accessible, affordable housing for all Mississippians

COMPETITIVE BUSINESSES

1. Challenge private industry to mount a Global Competitiveness Initiative that will dramatically upgrade Mississippi's manufacturing base.

- Educate employers about global competitiveness
- Establish a Global Markets and Technology Observatory
- Provide access to experts on modernization in specific industries
- Promote the establishment of work-place learning and skill development programs

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- Create an industrial extension service that would expand upon existing sources of technology expertise

- Monitor the achievement of global standards

- Annually reorganize outstanding Mississippi companies

2. Begin establishing "flexible manufacturing networks" among small and medium size firms.

- Identify and develop clusters

- Provide challenge grants

- Provide training and technical support

- Provide matching grants for specific network projects

3. Strengthen linkages between Mississippi's service industries and its other industrial sectors.

- Develop a computerized data base on Mississippi service businesses

- Convene a task force of service firm leaders to develop an analysis of common needs and market opportunities

- Encourage acceleration of the development of telecommunications infrastructure

4. Build the base of Mississippi entrepreneurs.

- Encourage the development of public and private risk capital funds

- Provide self-employment and entrepreneurship training to Mississippi residents

- Support local initiatives to foster entrepreneurship

- Annually recognize outstanding entrepreneurs

5. Fill gaps in Mississippi's business financing system.

- Establish a Mississippi Development Finance Council

- Establish a Small Business Expansion and Modernization Fund

- Earmark a percentage of the See Capital Fund for co-investments for small scale start-up businesses

- Encourage the establishment of local and regional bank-sponsored development corporations and risk capital funds

- Provide linkages of existing state, regional and community-based business financing programs to state's business development

- Recognize financial institutions that establish innovative and aggressive development finance programs

6. Strengthen support for minority enterprise development.

- Achieve parity in business formation rates, total sales, and sales growth between Mississippi's minority and majority-owned businesses

- Increase the availability of management training and technical assistance for minority-owned firms

- Ensure that existing economic development and business assistance programs are accessible to, marketed to, and serve the needs of minority-owned firms

- Convene a task force of minority-owned firms to recommend action to remove barriers

- Increase the availability of seed and equity capital for minority-owned enterprises

COMPETITIVE COMMUNITIES

1. Target state resources to communities that make an effort to help themselves.

2. Help the poorest and most remote communities grow through incentives for regional collaboration and resource "pooling."

3. Support the creation and operation of locally-based development organizations.

4. Support local efforts to devise regional plans for environmental management and infrastructure improvements.

5. Establish a Training Institute for increasing the technical and professional skills of local and regional public managers.

Additional recommendations and background used to develop these recommendations are available in the separate committee reports, and can be obtained from the Governor's office.

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